

State Dept. declassification & release instructions on file

GENERAL

1. US will refuse to jeopardize Austrian economic independence--
The Department of State has informed US representative Reber in London, in reply to his report that British and French representatives might be willing to make economic concessions to the USSR, that the US will not make concessions sacrificing Austrian economic independence in order to buy Soviet agreement on the frontier and reparations issues. The Department believes that the US must continue to insist on the relinquishment of Soviet control over eastern zone industry. The Department advises Reber that the US should closely link its resistance to economic concessions and its opposition to frontier concessions in order to demonstrate to the Austrians, if negotiations break down, that the intent of the US has been to protect Austria's future.
2. Transjordan reports ultimatum from Israel--King Abdullah of Transjordan has informed US Charge Stabler in Amman that at the 22 March Israeli-Transjordan meeting, Israeli representatives made detailed demands for front-line adjustments on the north-central front. According to Abdullah, the Israelis announced that unless their final demands were incorporated into a formal agreement within 24 hours, they would not acquiesce to the proposal that Transjordan take over the Iraqi front in Palestine. Stabler adds that Abdullah would attempt to obtain more reasonable adjustments if he could be certain that the US would prevent Israel from reopening hostilities.

FAR EAST

3. CHINA: Acting President contemplates Moscow visit--Acting President Li Tsung-jen has requested US Ambassador Stuart to obtain US comment on Li's proposed journey to Moscow for the purpose of discussing the Chinese situation with Soviet

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leaders. The Acting President reportedly feels that a cool Soviet reception of his proposal to visit Moscow would indicate that the Chinese Communists have no intention of negotiating a peace but that a Soviet invitation would be encouraging regarding peace prospects. Under these circumstances, Li would attempt to persuade Soviet leaders to restrain the Chinese Communists in the impending peace negotiations.

(CIA Comment: CIA believes that the weakness of Li's position in China compels him to seek support wherever he can find it. The USSR is undoubtedly aware of Li's weakness, however, and would not regard Li as an effective instrument for advancing Soviet interests in China. The Kremlin response to any overtures made by Li concerning a visit to Moscow is likely to be noncommittal but essentially negative.)